



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice, request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Suspicious Activity Report (FR 2230; OMB No. 7100-0212).

DATES: Comments must be submitted on or before **[INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit comments, identified by FR 2230, by any of the following methods:

- Agency Website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at

<https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove sensitive personally identifiable information at the commenter's request. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street, NW. (between 18th and 19th Streets, NW.), Washington, DC 20006 between 9:00

a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB’s public docket files, if approved. These documents will also be made available on the Board’s public website at:

<http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC, 20551.

SUPPLEMENTARY INFORMATION: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a

collection of information, the Board will consider all comments received from the public and other agencies.

Request for comment on information collection proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions; including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following report:

Report title: Suspicious Activity Report.

Agency form number: FR 2230.

OMB control number: 7100-0212.

Frequency: On occasion.

Respondents: State member banks, bank holding companies and their nonbank subsidiaries, Edge and agreement corporations, the nonbank subsidiaries of foreign banks supervised by the Board, and certain U.S. branches, agencies, and representative offices of such foreign banks.

Estimated number of respondents: 6,698.

Estimated average hours per response: 1.5.

Estimated annual burden hours: 439,520.

General description of report: Since 1996, the federal banking agencies¹ and the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) have required certain types of financial institutions to report known or suspected violations of law and suspicious transactions. To fulfill these requirements, supervised banking organizations file Bank Secrecy Act – Suspicious Activity Reports (BSA-SARs).² Law enforcement agencies use the information submitted in the reports to initiate investigations and the Board uses the information in the examination and oversight of supervised institutions.

The Board's suspicious activity reporting rules apply to state member banks, bank holding companies and their nonbank subsidiaries, Edge and agreement corporations, the nonbank subsidiaries of foreign banks supervised by the Board, and certain U.S. branches, agencies, and representative offices of such foreign banks.³ The Board is only responsible for

¹ These agencies include the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

² In 1996, the Board together with the other federal banking agencies issued nearly identical regulations to implement the SAR process for banking organizations.

³ See 12 CFR 208.62 (state member banks); 12 CFR 211.5(k) (Edge and agreement corporations); 12 CFR 211.24(f) (a branch, agency, or representative office of a foreign bank operating in the United States, except for a federal branch or a federal agency or a state branch that is insured by the Federal Deposit Insurance Corporation (FDIC)); 12 CFR 225.4(f) (bank holding companies, nonbank subsidiaries of a bank holding company, foreign banks subject to the Bank Holding Company Act, and nonbank subsidiaries of such a foreign bank). The Board's suspicious activity reporting rules do not apply to a branch or agency of a foreign bank operating in the United States if it is a federal branch or a federal agency or a state branch that is insured by the FDIC.

the paperwork burden imposed on these institutions. Other federal banking agencies account for the paperwork burden for the institutions they supervise.

Proposed revisions:

On July 27, 2018, FinCEN implemented the new version 1.2 of the SAR, which added, removed, or revised several data fields.⁴ The FinCEN revisions added or modified types and subtypes of suspicious activities, added new fields related to IP address information, and added new cyber event indicators. These revisions were made to ensure the collection of appropriate and current information in order to aid law enforcement in combating cyber-events and cyber-enabled crime.

The Board is proposing to adopt the revisions made by FinCEN.

With respect to the file format changes for electronic submission, the BSA E-Filing System would continue to accept ASCII based batch files until January 1, 2019. Batch filers would have six months from the expected go-live date in June to adhere to the new XML specification.⁵

Legal authorization and confidentiality: The FR 2230 is authorized pursuant to the Federal Reserve Act (12 U.S.C. 248(a)(1), 602, 625), the Federal Deposit Insurance Act (12 U.S.C. 1818(s)), the Bank Holding Company Act (12 U.S.C. 1844(c)), and the International Banking Act (12 U.S.C. 3105(c)(2) and 3106(a)). The FR 2230 is mandatory. SARs are confidential and exempt from Freedom of Information Act (“FOIA”) disclosure by 31 U.S.C. 5319, which specifically provides that SARs “are exempt from disclosure under section 552 of title 5,” and FOIA exemption 3, 5 U.S.C. 552(b)(3) (matters “specifically exempted from disclosure by statute”).

⁴ The notice announcing the final submission to OMB was published in the Federal Register November 28, 2017 (82 FR 56325).

⁵ See Department of the Treasury, Financial Crimes Enforcement Network (2018), “FinCEN Announces Update to the Suspicious Activity Report (SAR) & Technical Webinar for Batch Filers,” press release, January 26, 2018 https://bsaeiling.fincen.treas.gov/docs/SARXMLAnnouncement_Jan2018.pdf.

Consultation outside the agency: The current revisions to the BSA-SAR data elements were discussed in the interagency Data Management Council led by FinCEN and of which the Board is a member.

Board of Governors of the Federal Reserve System, January 30, 2019.

Michele Taylor Fennell,

Assistant Secretary of the Board.

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